Annual Report

2007-08

Housing

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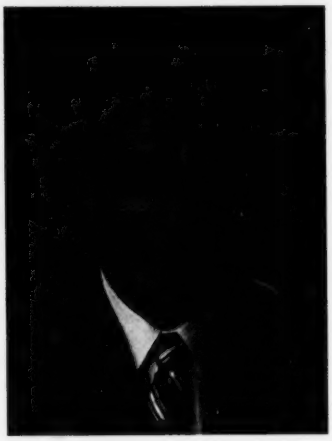
Newfoundland Labrador

Housing



Message from the Chair

I am pleased to present the 2007-08 Annual Report for Newfoundland Labrador Housing (*Housing*).This report provides an overview of *Housing* and touches on some of the highlights of 2007-08.

There is increased pressure on Government to provide housing which is suitable and affordable for low and moderate income families, seniors, single persons and persons with disabilities and special needs. As part of Government's action plan to promote social justice, *Housing* was tasked with developing a comprehensive Provincial Housing Strategy to better position the province to provide suitable and affordable housing to those in need.

The Government of Newfoundland and Labrador believes that one means to promote a self-reliant people is through investment in housing and committed additional funding to invest in the Public Rental Housing, the Provincial Home Repair and the Rent Supplement Programs.

Housing continues to focus on providing housing solutions which are responsive and flexible enough to address an aging public housing portfolio and changing demographics. We will continue to work in partnership with community groups, departments, agencies, and the private and non-profit sectors to improve housing for those most in need.

This Annual Report was prepared in accordance with the *Transparency and Accountability Act*, and was prepared under the direction of the Board of Directors of *Housing*. The Board of Directors are accountable for achieving the specific goals, objectives and results reported in this document. This report outlines *Housing's* activities and outcomes from April 1, 2007 to March 31, 2008.

Len Simms
Chair of the Board of Directors
Officer

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1.0 Introduction

In fulfilling its commitment to being accountable to the citizens of Newfoundland and Labrador, the Provincial Government introduced the *Transparency and Accountability Act (*the *Act).* This *Act* provides the legislative framework for strengthening accountability of government entities through multi-year performance-based plans and annual performance reports that are presented in the House of Assembly.

Newfoundland Labrador Housing *(Housing)* is considered a Category 1 Government Entity within the context of the *Act.* In accordance with the *Act, Housing* must report on the activities for fiscal year 2007-08. This annual report outlines *Housing's* progress during 2007-08 in achieving a mandate of developing and administering housing assistance programs for the benefit of low and moderate income families.

2.0 Overview

Vision

The vision of Newfoundland Labrador Housing is of safe and affordable housing for all residents of the province.

Mission

By 2011, the Newfoundland Labrador Housing will have improved the housing circumstances of low and moderate income households to address housing needs within the province of Newfoundland and Labrador.

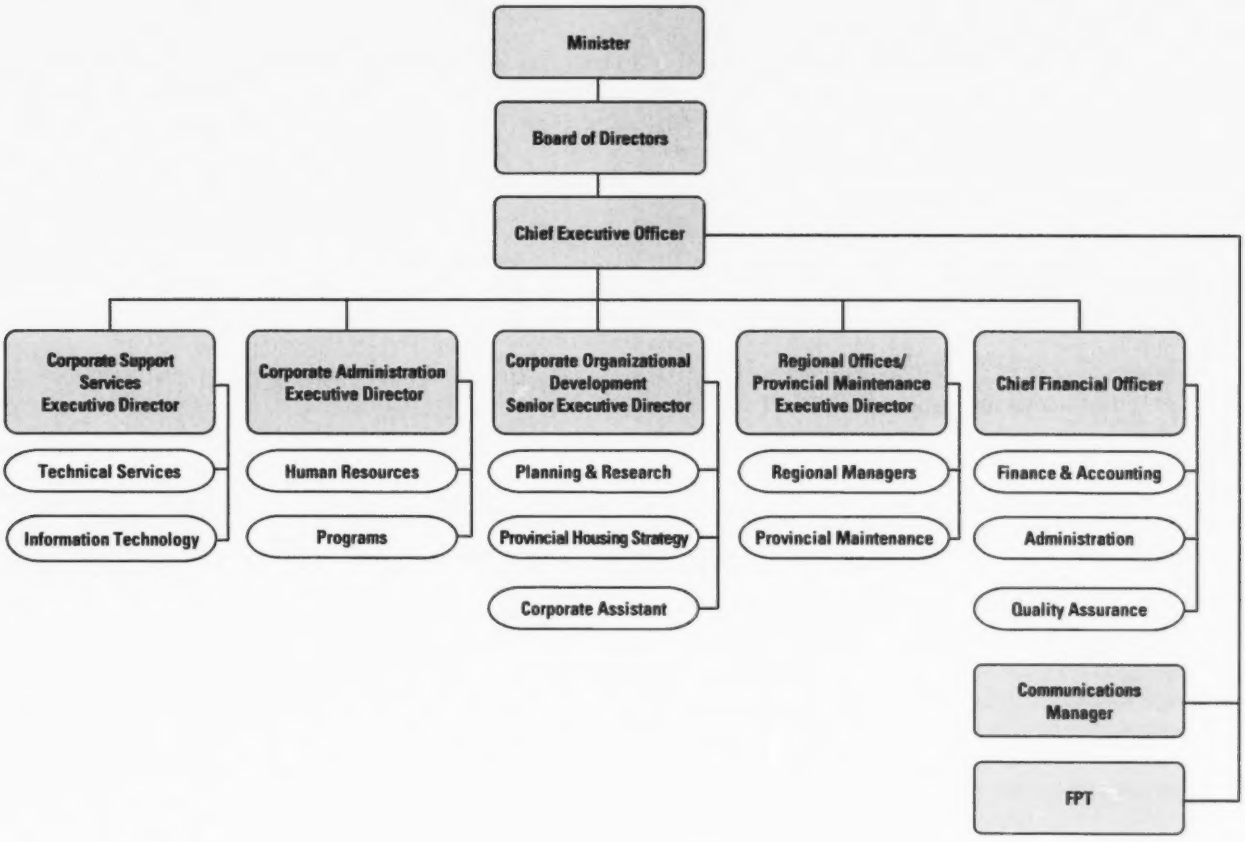
Housing's mission statement changed in the 2008-2011 Strategic Plan (available at www.nlhc.nf.ca/strategic/index.html). Due to changing priorities and enhanced focus on client's housing needs, Housing's Board of Directors updated the 2008-2011 Mission Statement. As a result, a number of indicators in support of the 2006-2008 Mission Statement have been changed for reporting purposes.

Organization

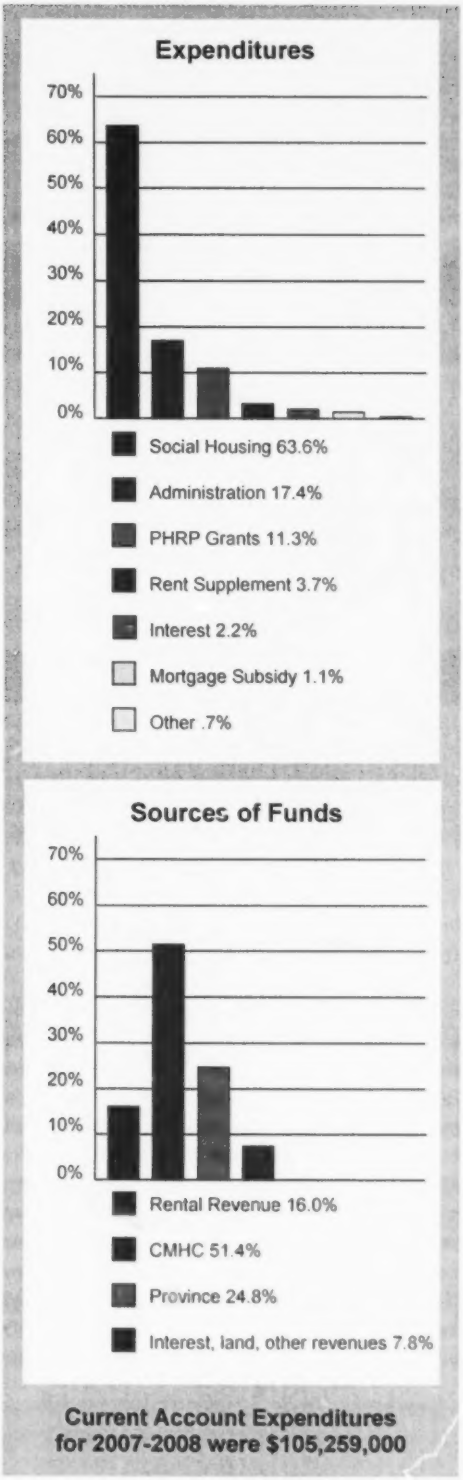
Newfoundland Labrador Housing (*Housing*) is a provincial crown corporation which operates under the authority of the *Housing Corporation Act,* and is responsible for the implementation of government's overall public housing policy and programs. *Housing* is governed by a board of directors appointed at pleasure by the Lieutenant Governor in Council and reports to the Government of Newfoundland and Labrador through the Minister of Human Resources, Labour and Employment, Minister Responsible for *Housing.* The Chairman of the board serves in a dual capacity as Chief Executive Officer and is responsible for *Housing's* day-to-day operations.

Programs and policies are delivered in five regions across the province. These regions are: the Avalon Peninsula, Burin Peninsula, Central, Western and Labrador. *Housing's* head office is located in St. John's. *Housing* has a staff complement of 341 permanent and temporary positions and employs an additional 55 employees on a seasonal basis. A regional administrative structure ensures all residents of the province have access to the programs and services provided through *Housing* by the Government of Newfoundland and Labrador.

The Organizational Structure of *Housing* for 2007-08



Corporate Profile



Current Account Expenditures for 2007-2008 were $105,259,000

Total subsidized households served in 2007-08:	12,050
Subsidized rental housing units	5,500
Subsidized Community housing units	4,750
Subsidized Rent Supplement units	1,000
Subsidized Mortgage units	800
Private Non-Profit partnerships formed since 1986	100
Total number of units given conditional approval under the federal/provincial Affordable Housing Program in 2007-08	234
Total number of units given final approval under the federal/provincial Affordable Housing Program in 2007-08	242
Federal/provincial funding provided to community-based housing groups in 2007-08	$9.8 million
Value of grants and loans provided to homeowners under the Provincial Home Repair Program (PHRP) in 2007-08	$11.9 million
Number of mortgage and home repair loans on repayment	3,093
These loans are valued at:	$18.8 million
Maintenance and repair expenditures on *Housing* rental units in 2007-08	$10.4 million
Modernization and Improvement expenditures on *Housing* rental units in 2007-08	$7.1 million
Housing-funded tenant associations as of 2007-08	32
Community Centres operating province-wide and serving approximately 1,400 families and 5,600 individuals	8

Mandate

Newfoundland Labrador Housing is a crown corporation whose mandate is to develop and administer housing assistance programs for the benefit of low-to-moderate income households throughout the province.

Lines of Business

The lines of business provided by Newfoundland Labrador Housing are:

1. Social Housing

The purpose of the Social Housing business line is to provide subsidized rental accommodation for those who meet specified criteria. Social housing assistance is subject to the number of available units funded in either the public housing or private rental stock.

2. Housing Supply Assistance

The purpose of the Housing Supply Assistance business line is to provide forgivable loans, in accordance with the following criteria:

- to property owners for critical repairs or modifications to residential dwellings;
- to public, private and non-profit organizations to stimulate the development of new affordable rental housing stock for low-to-moderate income households as determined by *Housing*.

3. Community-Based Housing

The purpose of the Community-Based Housing business line is to provide financial, technical, and/or administrative support to non-profit, co-operative and health sector housing providers who meet specified criteria. These projects receive subsidies under various types of funding and/or operating agreements.

4. Real Property Stewardship

The purpose of the Real Property Stewardship business line is to develop and/or divest of corporate land and property holdings. This business line also encompasses management of financial interests in lands divested to municipalities, and properties financed by *Housing* and operated by government departments and boards.

3.0 Shared Commitments

Housing collaborates with a variety of key partners, to help ensure the best possible service is provided to those most in need of housing accommodations throughout the province. These partnerships provide access to additional resources and enable our clients and stakeholders to have input in our programs and services.

Poverty Reduction Team

Government has determined that the best practices for addressing poverty is an integrated approach that engages community partners as well as all government departments. Those departments and agencies include: Human Resources, Labour and Employment; Newfoundland Labrador Housing; Aboriginal Affairs;

Education; the Status of Women; Finance; Health and Community Services; Innovation, Trade and Rural Development; Rural Secretariat; and Justice.

As a member of government's Poverty Reduction Team, in 2007-08, *Housing* created two initiatives within social housing that may alleviate and prevent poverty:

> **Adjust the Rent-Geared-to-Income (RGI) scale for Seniors:** In 2007-08 the rental rate for *Housing* tenants 55+ was reduced to 25% of net income. Initially, it was thought this would result in a $27 rental decrease; however, the actual decrease was $42 monthly. This reduction will enable senior tenants to retain a greater portion of their fixed income to be used for other needs.
>
> **Increase Annual Operating Grant to Eight Community Centres:** *Housing* increased financial support for each of the eight existing community centres from $76,000 annually to $100,000 annually. The centres provide *Housing* tenants opportunities to engage in social, educational, recreational, health and wellness, as well as employment and career development programs. Increased funding will assist centres to expand and increase community development initiatives that may improve the quality of life for *Housing* tenants.

Provincial Housing Strategy

Work on the Provincial Housing Strategy continued throughout 2007-08 with 13 supplementary consultation meetings being held in June and July of 2007. Forty-five persons representing 31 organizations were consulted on issues such as gaps in programs and services, housing needs and options to respond to the needs identified. A paper summarizing the consultation process and results was prepared in August 2007. As well, the following information papers were prepared as part of the strategic process:

- Service Profile of Provincial Housing Programs – August 2007
- Overview of Provincial and Territorial Housing Programs – November 2007
- Infrastructure Profile – April 2008

The initial deadline for completion of the Provincial Housing Strategy was December 2007; this deadline was extended to October 2008.

The Poverty Reduction Initiatives and the Provincial Housing Strategy partially fulfils the strategic direction given by government to address the issues of providing sustainable affordable housing for those most in need and to reduce and alleviate poverty within the province.

Provincial Healthy Aging

As a member of government's Interdepartmental Working Group on Healthy Aging, two new initiatives were approved under the Provincial Healthy Aging Implementation Plan: Year 1: Building a Foundation:

- **Support and Enhance the Provincial Home Repair Program (PHRP):** In 2007-08 an additional $4M was provided to PHRP to help low-income households, including seniors to make much needed repairs to their homes. The additional funds would also help reduce the lengthy wait list to receive home repair assistance. A total of 2,415 grants were delivered, with 1,618 (67%) going to assist seniors with home repair assistance. The wait list for 2007-08 was reduced to 3,696.

- **Support Affordable and Accessible Rental Housing for Seniors through the Affordable Housing Program:** In 2007-08, $2.8M provided under the Affordable Housing Program was targeted to seniors. A total of 68 units were developed, with 23 (34%) targeted to seniors and 7 units were fully accessible.

4.0 Results of Objectives

Issue One: New demand – single, elderly, disabled

The majority of *Housing's* portfolio was constructed more than twenty years ago and designed for larger families. Almost 80% of the Corporation's rental portfolio contains three or more bedrooms. Almost 85% of all applicants for public housing are single parents, single individuals (non-seniors) and seniors (singles and couples) who require one or two bedroom units. Provincial statistics indicate that 93% of single-parent families are women and 72% of one-person occupants are women.

Federal funding for new construction has not been available to the province since 1994. In that year, 12 units were built in St. Anthony; mainly for seniors. New public housing has not been constructed in the St. John's area since 1990. In 1990, 20 infill units were constructed in the downtown area and 14 units were built in Conception Bay South for families.

In May of 2003, new federal and provincial funding became available under the Affordable Housing Program. Phase I of this agreement provided $15 million in federal funding. In November of 2005, Phase II of the Affordable Housing Program was signed. The Phase II agreement matched $5 million in federal funding with $5 million in provincial funding. The Affordable Housing Program offered the greatest opportunity for *Housing* to increase the number of available units for specific target groups by working with the private sector and community-based groups. Under the Affordable Housing Program, some of the available funding was redirected, on a pilot project basis, to regenerate a limited number of public housing units to meet the needs of smaller families. These public housing units were selected from the units no longer funded by the Canada Mortgage and Housing Corporation (CMHC).

Goal One: By 2008, Newfoundland Labrador Housing will have increased the number of available units for non-elderly single, elderly, and disabled clients.

Measure: Increased number of units for specific target groups.

Between 2006-2008, Housing received 33 proposals from the private sector and 15 proposals from the non-profit sector to construct 410 units under the Affordable Housing Program. Not all proposals were in keeping with the program guidelines; therefore, 158 units were completed between 2006-2008. These units were targeted to seniors, families, persons with disabilities and individuals who require low and modest income housing.

Indicators	Accomplishments 2006-2008
Number of units available for non-elderly single clients.	Under the Affordable Housing Program, 158 units were completed during 2006-2008, and 14% or 22 units were made available to non-elderly, single clients.
Number of units available for disabled clients.	During 2006-2008 under the Affordable Housing Program, 16 units or 10% were made available to disabled clients.
Number of units available for elderly clients	Under the Affordable Housing Program 158 units were completed during 2006-2008, and 46% or 73 will be made available for elderly clients.
Number of unit constructed/converted under the Affordable Housing Program	In total, 158 units were constructed/converted under the Affordable Housing Program during 2006-08 and made available to a variety of target groups.

Objective 2: By 2008, the Newfoundland Labrador Housing will have increased the number of units available for non-elderly single clients.

Measure: Increased number of units.

Indicators	Accomplishments 2007-08
Number of units available for non-elderly single clients.	Under the affordable Housing Program, 68 units were completed during 2007-2008 and 15% or 10 units were available to non-elderly single clients.

Issue Two: Financial Sustainability

In 1997, the province signed the Canada-Newfoundland Social Housing Agreement which transferred the responsibility of the management and administration of the social housing programs to the province. This agreement specified how much federal funding would decrease each year until the year 2038; the last year for federal funding for social housing. Originally, federal funding was designed to support the operation and maintenance of social housing units by cost sharing the operating losses of social housing. The losses for social housing were calculated based upon two considerations: 1) specific funding for mortgage repayment and 2) the availability of rent-geared-to-income rental charges for tenants.

At the present time, CMHC contributes 51.4% of *Housing's* annual budget. The rental payments account for 16% of the annual budget and the sustaining grant from the provincial government is 24.8%. The withdrawal of federal funding will threaten the future viability of social housing for low income households whose rental payment will always be less than the cost of operating these units. In addition, there are two other financial pressures that must be addressed: the heat subsidy program and the need to improve the condition of the aging public housing stock. Issue Two, financial sustainability, was selected as a means to comprehensively address all elements in the development of a long-range plan to address the future financial viability of *Housing*.

Goal Two: By 2008, the Newfoundland Labrador Housing will have presented to the provincial government, a board-approved long-term budgetary plan to address declining revenues and changing demand.

Measure 1: Plan developed.

Indicators	Accomplishments 2006-08
Study completed on changing demand and resulting effects on general revenues.	Information papers were prepared on: • Profile of Demand for Social and Affordable Housing – August 2007 • Financial Profile of Housing Programs – September 2007 • Analysis of Declining Federal Funding for Social Housing – December 2007
Document developed	After commencing work on the long-term budgetary plan, *Housing* was directed by Government to begin development of a Provincial Housing Strategy, which was to be submitted by October 2008. The long-term budgetary plan will be integrated in the Provincial Housing Strategy. This explanation applies to the following indicators as they were also impacted by Government redirection on this issue.

Indicators	Accomplishments 2006-08
Approval by board	Housing's Board of Directors will approve direction of the Provincial Housing Strategy for consideration by Government.
Approval by relevant government departments	In leading the development of the Provincial Housing Strategy, Housing shared all information with the relevant Government departments; however, approval was not required by other Government departments.

Measure 2: Declining revenues and changing demand is addressed

Indicators	Accomplishments 2006-08
Plan is developed which includes specific recommendations/processes related to declining revenues and addressing changing demand	All working papers related to changing demand, financial profile and analysis of declining funding will be part of the Provincial Housing Strategy which is scheduled for completion in October 2008.

Objective 2: By 2008, the Newfoundland Labrador Housing will have presented to the provincial government, a board-approved long-term budgetary plan to address declining revenues and changing demand.

Measure: Financial analysis completed.

Indicators	Accomplishments 2007-08
Completion of financial profile of *Housing* programs	A detailed analysis was done to identify potential solutions that could address declining revenues and changing demand. Recommendations to deal with financial implications will be dealt with through the Provincial Housing Strategy. This work supports the strategic direction given by the Minister Responsible for Housing.

Issue Three: Improving Energy Efficiency in Public Housing

The Corporation spends approximately 10% of its annual current account budget on the cost of energy. Although this funding has remained the same for the last ten years, high world oil prices have resulted in escalating costs for both oil and electricity. *Housing* operates a heat subsidy program whereby tenants receive a heat subsidy based upon the location and size of their unit. This funding is capped. The heating subsidy provides direct financial assistance to tenants to comfortably heat their homes and serves to protect the housing stock by providing heat to control the build up of moisture. The cost increases for energy have created significant pressure on *Housing* to stay within overall budget levels. Many public housing units were constructed before high energy costs were ever a consideration. There are a significant number of units heated by large systems that provide heat to multiple units from a single heat source. These large heating systems have exceeded their useful life. An energy management plan is required to address the replacement options for the large heating systems, to evaluate opportunities for energy efficiency in the older housing stock and to cost effectively manage heat subsidy arrangements for existing tenants.

Goal Three: By 2008, the Newfoundland Labrador Housing will have developed an energy efficiency retrofit plan for certain *Housing* owned properties.

Measure: Plan developed

The energy efficiency management plan will examine current practices regarding the renovation and upgrading of the existing social housing portfolio and highlight ways to improve energy efficiency from various parts of the building envelope (doors, windows, siding, roofs, etc.). Two heating system conversions were proposed as pilot projects during 2006-07.

Indicators	Accomplishments 2006-08
Pilot project completed	Froude Avenue contract was awarded December 15, 2006. Work was completed on the Froude Avenue retrofit in the spring of 2007. A contract for the Chalker Place conversion was not awarded, as prices that were received far exceeded the budget.
Energy Management Plan completed	An Energy Management Plan was completed which examined ways *Housing* could modernize and improve existing social housing and improve energy efficiency. The comparative analysis indicated that many energy-efficient measures would initially be costly and it could be 5 – 10 years before a return on investment could be recovered.
Government directions on heat subsidy incorporated	As directed by Government, *Housing* did a detailed analysis of the Heat Subsidy Program. *Housing* requested and was granted additional funding to offset increased energy costs. Government approved funding to enhance heat subsidies for oil heated units by $200,000 in 2006/07 and $182,000 in 2007/08. Funding received was used to assist clients to offset heating costs.

Objective 2: By 2008, the Newfoundland Labrador Housing will have developed an energy management plan for renovation activity on *Housing* owned property.

Measure: Energy management plan for renovation activity developed

Indicators	Accomplishments 2007-08
Pilot project completed	Froude Avenue contract was awarded December 15, 2006. Work was completed on the Froude Avenue retrofit in the spring of 2007. A contract for the Chalker Place conversion was not awarded, as prices that were received far exceeded the budget.
Energy management plan completed	An Energy Management Plan was completed which examined ways *Housing* could modernize and improve existing social housing and improve energy efficiency. The comparative analysis indicated that many energy-efficient measures would initially be costly and it could be 5 – 10 years before a return on investment could be recovered.

Issue Four: Renovations/Retrofits

An integral part of capital management is the development of a property plan which addresses 1) regular maintenance and 2) modernization and replacement requirements. Although the first public housing unit was built more than forty years ago, the majority of the units were constructed in the 1970s and 1980s; 75% were built more than 20 years ago. In recognition of the aging public housing stock, an in-house analysis of the existing housing portfolio was completed on a small sample of projects in 2001. This report concluded that $11 million would be required annually to keep up with the deterioration. The current $5 million annual modernization and improvement budget has remained unchanged for more than ten years and continues to be allocated on a critical need basis. Due to deferred maintenance and modernization, there are a number of projects within the public housing portfolio that will require considerable renovations in order to extend their useful life. A broad based assessment of the condition of the portfolio will identify a number of long-term options for the revitalization of the existing public housing stock.

Goal Four: By 2008, the Newfoundland Labrador Housing will have completed the condition reports of all public housing units

Measure 1: Conditions of public housing units are stabilized

Indicators	Accomplishments 2006-08
Number of units renovated	During the period 2006-2008, Newfoundland Labrador Housing completed renovations on some 829 units province wide. These renovations included building envelope upgrades (doors, windows, siding roofs, etc.) as well as less extensive renovations. An average of $11,000 per unit was spent on renovation of 325 units in 2006-07. In 2007-08, the province provided increased funding of $27.5 million over a five-year period for accelerated modernization of public rental housing. As a result of the increased funding, *Housing* was able to enhance the scope of work for some renovations to include interior upgrades as well as exterior renovations. In 2007-08, an average of $10,600 was spent on renovations to 504 units.
Percentage of annual renovation budget allocated/expended	The renovation budget for 2006-07 was $4.2 million. Actual expenditures were $4.7 million, an increase of 12%. The increased expenditure of $500,000 was allocated for oil tank replacements, which were required to comply with pending provincial regulations. The renovation budget for 2007-08 was $9.7 million, whereas actual expenditure was $7.1 million. This was a decrease of 37%. The decrease in the renovation budget resulted from an urgent need to increase *Housing's* maintenance budget to address unforeseen circumstances, particularly in regard to the remediation of mould and mildew and other environmental issues within the social housing portfolio.

Objective 2: By 2008, the Newfoundland Labrador Housing will have completed condition reports for 100% of public housing units and completed renovations on an additional 400 units.

Measure 1: Condition reports completed.

Indicators	Accomplishments 2007-08
Percentage of condition reports completed	100% of condition reports have been completed for public housing units at March 31, 2008.

Measure 1: Public housing units renovated

Indicators	Accomplishments 2007-08
Number of units renovated	By March 31, 2008, Newfoundland Labrador Housing had completed renovations on 504 social housing units, province-wide. These renovations included building envelope upgrades (doors, windows, siding, roofs, etc.) as well as less extensive renovations such as siding repairs and exterior painting. Renovations to the public housing portfolio enhance the living conditions of social housing tenants and improve neighbourhoods throughout the province.

5.0 Additional Highlights and Accomplishments

Modernization and Maintenance of Public Rental Housing

Newfoundland and Labrador has some of the oldest public housing in Canada. In 2007-08, the province provided increased funding of $27.5M over a five year period for accelerated modernization of public rental housing. In budget year 2007-08 expenditure on modernization increased to $7.1M. In terms of maintenance, another $10.4M was spent in 2007-08, an increase of $1.0M over 2006-07. This funding will improve the living conditions of *Housing* tenants and address the changing demographics and the need for housing for smaller families. This is in support of the strategic direction given by the Minister Responsible for Housing.

Provincial Home Repair Program

The Government of Newfoundland and Labrador, in its blueprint to guide the province towards self-reliance, indicated that one means to achieve this would be through investment in housing programs. In 2007-08, *Housing* received a commitment from the province for an additional $4M per year for the next six years for the Provincial Home Repair Program (PHRP). The additional funding has improved housing conditions for low-income clients living in their own homes. This funding helped reduce the wait list for the program, which stood at 4,179 in 2006-07 to 3,696 in 2007-08.

PHRP Survey

In 2007-08, *Housing* conducted a survey of clients served under PHRP. The purpose of the survey was to determine the effectiveness and efficiency of PHRP and to obtain client feedback on the program. A random sample of 1,000 clients was selected and there was a response rate of 36.6 percent. An overwhelming majority of respondents were pleased with the program, the quality of work and with the friendly staff who assisted them. Many thanked government for providing the program and noted that without such assistance they would not have been able to maintain their homes accordingly. Respondents made some excellent suggestions which are being reviewed by *Housing* to improve the program.

Rental Rehabilitation Programs

This program provides funding for groups who provide rental and permanent housing to people with special needs such as youth at risk, the homeless, persons with substance abuse issues and medical needs. Funding is available to owners, entrepreneurs, non-profit groups and First Nations to repair and rehabilitate property. In 2007-08, $1,870,000 was spent to deliver or rehabilitate 192 units.

Canada-Newfoundland Social Housing Agreement Evaluation

In 1996, the Federal Government decided to withdraw from the administration and delivery of social housing in Canada. In 1997, CMHC signed a Social Housing Agreement (SHA) enabling the transfer of housing programs to *Housing*. The SHA is valued at $1.42B and covers a 41 year period which will see the elimination of funding for social housing programs by March 31, 2038. A requirement of the SHA is that an evaluation of the programs contained in the agreement be undertaken. In December of 2007 an evaluation report covering the programs funded under the SHA for the years 1997-98 through 2006-07 was prepared by *Housing* and submitted to CMHC. The report concluded that programs under the SHA continue to address the social housing needs of low and moderate income households in Newfoundland and Labrador. The report also concluded that the continued decline in CMHC funding that began in 2002 has had and will continue to have a large impact on the province's ability to meet the demands of social housing.

Atlantic Seniors Housing Research Alliance

Housing continues to contribute as a member of the Atlantic Seniors Research Alliance (ASHRA). Work continues towards building a detailed picture of aging Atlantic Canadians. In 2007-08 ASHRA's Policy Working Group and two subcommittees were created. They are analysing the results of the Atlantic Seniors' Housing and Support Services Survey, data received from Focus Group sessions, and Case Study visits. This research will lead to the identification of policy implications and recommendations regarding housing options to meet projected demand for Atlantic Canadian seniors.

Housing Computer System Replacement

In recognition that vendor support for *Housing's* aging computer systems was ending, the organization began a major undertaking to replace its computer hardware and software in 2005. Work continued in 2007-08 with data conversion, security set-up and training. On April 1, 2008, *Housing* went live with three new systems Anite Housing (rental, repairs, and application management), TOTAL (including financial and work order management) and the PARIS Cash System. Work will continue in 2008-09 to replace other systems as needed.

Housing's Scholarship Program

Each year *Housing* awards nine educational scholarships of $1,000 each to tenants and their children to foster continued education and encourage employment opportunities. The youth winners are awarded based on the results of the Provincial Scholarship Exam. Winners of the adult scholarships are selected based on an interview that assesses initiative as well as community and work experience. The 2007-08 scholarship winners* are:

Adult Winners
Suzanne Williams, Bishop's Falls
Vickie Linegar, Mount Pearl
Nancy Murphy, Corner Brook

Youth Winners –Tenants' Children
Samantha Doyle, St. John's
Leanne Marshall, St. John's
Cassandra Hoskins, St. Alban's
Daphne Hawkins, St. George's
Justin Richards, St. Anthony

**Scholarship winners' names are only published with their consent*

6.0 Opportunities and Challenges Ahead

Over the past 30 years, Newfoundland and Labrador has aged faster than any other province in the country.[1] It is projected that almost 20 percent of the people of our province will be over the age of 65 within ten years and 45 percent will be over 50.[2] Statistics Canada reports that people in Newfoundland and Labrador aged 55 to 64 have the highest levels of poverty, when compared to other age groups.[3] Add to this persons with disabilities are 1.7 times more likely to be living in households that are less than adequate or affordable than persons without disabilities. In 2001, a total of 12,900 persons with disabilities or 17.9 percent were living in need in Newfoundland and Labrador.[4] These demographics represent the current make up of tenants occupying public rental and other units subsidized by *Housing.*

It is evident that there will continue to be a growing demand for social housing accommodation and programs to meet changing needs. Most of the programs that *Housing* offers are targeted to all of the groups previously mentioned. The reduction and ultimate withdrawal of the Federal Government in co-operative funding of these programs will be a challenge for the province in meeting the physical need for housing and the demands for future social housing programs.

The Provincial Housing Strategy scheduled to be completed in the fall of 2008 offers an opportunity to address the challenges facing social housing in the province. There is also an opportunity to address these challenges through the Federal/Provincial/Territorial dialogue on suitable funding for the existing social housing portfolio. This dialogue has been ongoing over the past number of years and is now becoming more urgent in light of accelerated reduction in federal funding.

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[1] Government of NL, Department of Finance, Economic and Statistics Brach (Oct.2006) Demographic Change: Issues and Implications.

[2] Government of NL, Department of Finance, Economics and Statistics Branch (Sept. 2006). Population Projections – NL, Medium Scenario – 1981 – 2021. Available online.

[3] Government of NL, Department of Human Resources, Labour and Employment. Reducing Poverty in NL: Working Towards a Solution: Background Report and Workbook.

[4] CMHC-Research Highlight Report: 2001 Census Housing Series: Issue 11 Profile of the Housing Condition of Persons with Disabilities: December 2007.

7.0 Financial Statements

Auditor's Report

To the Chairperson and Members
Newfoundland and Labrador Housing Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Housing Corporation as at 31 March 2008 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
15 July 2008

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
BALANCE SHEET
31 March

	2008 (000's)	2007 (000's)
ASSETS		
Cash	$ 21,622	$ -
Accounts receivable (Note 2)	2,562	2,631
Due from Canada Mortgage and Housing Corporation (CMHC)	-	3,274
Due from the Province of Newfoundland and Labrador - Labrador Housing Programs (Note 3)	4,221	5,041
Inventory and prepaid expenses (Note 4)	3,468	3,406
Mortgages and loans receivable (Note 5)	16,943	21,237
Receivable from municipalities re: land transfers (Note 6)	1,635	1,967
Repossessed units (Note 7)	1	20
Land assemblies (Note 8)	9,331	8,745
Rental properties (Note 9)	201,792	209,784
Capital assets (Note 10)	8,026	7,191
	$ 269,601	$ 263,296
LIABILITIES AND EQUITY		
Bank indebtedness	$ -	$ 3,548
Accounts payable and accrued liabilities	10,444	11,794
Due to CMHC	5,774	-
Deferred revenue (Note 11)	8,621	921
Group health and life insurance retirement benefits (Note 12)	11,972	11,040
Capital replacement fund (Note 13)	7,195	7,386
Mortgage insurance fund (Note 14)	3,252	3,252
Mortgages, debentures and similar indebtedness (Note 15)	25,445	29,563
CMHC investment in cost-shared programs (Note 16)	125,299	133,916
	198,002	201,420
Equity		
Contributed capital - Province of Newfoundland and Labrador (Note 17)	62,861	62,861
Surplus (Deficit)	8,738	(985)
	71,599	61,876
	$ 269,601	$ 263,296

Contingent liabilities (Note 18)

Commitments (Note 19)

See accompanying notes

Signed on behalf of the Board: _____ **Chairperson** _____ **Member**

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March

	2008 (000's)	2007 (000's)
REVENUES		
CMHC (Note 21)	$ 59,089	$ 60,274
Province of Newfoundland and Labrador operating grant	28,460	15,111
Rent	18,343	18,727
Interest	6,325	6,821
Land assemblies sales	1,194	75
Profit from land sales by municipalities	843	376
Other income	627	824
Gain on sale of rental properties	94	-
Gains on mortgages, loans and repossessions	7	384
	114,982	102,592
EXPENSES		
Administrative expenses (Note 22)	18,314	15,521
CMHC share of interest revenue	585	699
Community based housing operating subsidies	9,807	9,859
Grants to homeowners	11,921	10,174
Interest expense	2,289	3,091
Land assemblies costs (Note 8)	30	141
Loss on sale of rental properties	-	71
Mortgage subsidies	1,204	1,480
Rental properties expenses (Note 23)	57,086	53,453
Rental properties written off	84	1,026
Rent supplement subsidies	3,939	3,660
	105,259	99,175
Excess of revenues over expenses	9,723	3,417
Deficit, beginning of year	(985)	(4,402)
Surplus (Deficit), end of year	$ 8,738	$ (985)

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2008 (000's)	2007 (000's)
Cash flows from operating activities:		
Excess of revenues over expenses	$ 9,723	$ 3,417
Add (deduct) non-cash items:		
Mortgage subsidies	1,204	1,480
Gains on mortgages, loans and repossessions	(7)	(384)
Amortization of rental properties (Note 23)	6,832	6,866
Amortization of community based housing	755	689
Amortization of Labrador Housing Programs	823	775
Write-off of rental properties	84	1,026
Loss (gain) on sale of rental properties	(94)	71
Amortization of capital assets	820	501
CMHC portion of non-cash items	552	769
Group health and life insurance retirement benefits (Note 12)	932	882
	21,624	16,092
Net change in other operating items	(1,343)	1,682
	20,281	17,774
Cash flows from investing activities:		
Decrease in receivable from municipalities re: land transfers	332	417
Increase in land assemblies	(586)	(1,061)
Advances of mortgages and loans	(1,709)	(1,473)
Principal recoveries of mortgages and loans	4,825	5,321
Proceeds from sale of rental properties	519	387
Investment in capital assets	(1,655)	(1,937)
Investment in rental properties	(104)	-
Labrador Housing Programs	(3)	(11)
	1,619	1,643
Cash flows from financing activities:		
Increase (decrease) in due to CMHC	9,048	(3,579)
Increase (decrease) in deferred revenue	7,700	(39)
Decrease in capital replacement fund	(191)	(327)
Repayments of mortgages, debentures, and similar indebtedness	(4,118)	(6,985)
Repayments of CMHC investment in cost-shared programs	(9,169)	(9,925)
	3,270	(20,855)
Increase (decrease) in cash	25,170	(1,438)
Cash, beginning of year	(3,548)	(2,110)
Cash, end of year	$ 21,622	$ (3,548)

See accompanying notes

Authority

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under authority of the *Housing Corporation Act*. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Mortgages and loans receivable

An allowance for mortgages and loans impairment is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances. The security and source of funding for the accounts that are in arrears are considered in this estimation.

(b) Repossessed units

Repossessed units are valued at the lower of cost and net realizable value based on appraised values and the estimated recovery of cost through social housing rental programs.

(c) Land assemblies

Land assemblies are valued at the lower of cost and net realizable value. Items capitalized as the cost of land assemblies include land acquisition costs, development costs, interest and other related carrying charges.

Land assembly sales are recognized as earned. A portion of the sales revenue is deferred to cover future anticipated costs relative to the land sold. The percentage of revenue deferred is equal to the percentage of cost to complete on a project by project basis.

(d) Rental properties

Rental properties are valued at the lower of cost less accumulated amortization and net recoverable amount. Items capitalized as the cost of a project include land acquisition costs, development and construction costs, interest and other related carrying charges. In instances where properties have been transferred from Government departments, costs have been recorded at $1. Amortization is calculated using the methods described below based on the expected useful lives of all assets as follows:

1. Significant accounting policies (cont.)

(d) Rental properties (cont.)

Non-profit housing	
- Capital cost	Sinking fund, 25-50 years
- Renovation costs	Sinking fund, 15 years
Market housing	
- Capital cost	2% declining balance
- Renovation costs	Straight line, 15 years

(e) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the methods described below based on the expected useful lives of all assets as follows:

Office buildings	2% declining balance
Furniture and office equipment	Straight line, 10 years
Computer hardware and software	Straight line, 4 years
Vehicles	Straight line, 5 years

(f) Capital contributions

Capital contributions are recorded as deferred revenue until the capital construction is complete. Once the capital construction is complete the capital contributions are recorded as a revenue.

(g) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. The amount is payable when employees cease employment with the Corporation unless an employee transfers to another entity in the public service, in which case the liability is transferred with that employee to the other entity.

(h) Revenue recognition

Interest income is accounted for on the accrual basis for all mortgages and loans other than the impaired portion of mortgages and loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

1. Significant accounting policies (cont.)

(h) Revenue recognition (cont.)

Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the year.

2. Accounts receivable

	2008 (000's)	2007 (000's)
HST	$ 1,005	$ 1,034
Land assemblies	914	893
Rents	167	159
Miscellaneous	595	648
	2,681	2,734
Less: allowance for doubtful accounts	119	103
	$ 2,562	$ 2,631

3. Due from the Province of Newfoundland and Labrador - Labrador Housing Programs

In March 2000, the Province directed the Corporation to fund the renovation of existing dwellings and construction of new dwellings in Northern Coastal Labrador. In March 2002, the Province directed the Corporation to fund the construction of a personal care home in Mary's Harbour.

Under these initiatives, title to these dwellings is held by the homeowners with the Province repaying the renovation and construction costs over a 15 year period. As at 31 March 2008 the amount due from the Province was $4,221,000 (2007 - $5,041,000).

These projects are being amortized at $1,050,000 annually.

4. Inventory and prepaid expenses

	2008 (000's)	2007 (000's)
Inventory	$ 411	$ 521
Prepaid expenses	3,057	2,885
	$ 3,468	$ 3,406

5. Mortgages and loans receivable

	2008 (000's)	2007 (000's)
Subsidized mortgages to homeowners	$ 5,244	$ 7,515
Residential Rehabilitation Assistance Program loans	5,429	7,049
Provincial Home Repair Program	6,533	7,050
Other mortgages and loans	1,743	1,931
	18,949	23,545
Less: allowance for impaired accounts	2,006	2,308
	$ 16,943	$ 21,237

The allowance for impaired mortgages and loans relates primarily to the Residential Rehabilitation Assistance Program loans portfolio.

6. Receivable from municipalities re: land transfers

In September 1998, the Province directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreement. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending on the impact of any changes and management's best estimate of them.

As of 31 March 2008, twenty-one agreements have been completed for the transfer of lands to municipalities at a carrying value of $1,635,000 (2007 - $1,967,000).

7. Repossessed units

	2008 (000's)	2007 (000's)
Repossessed units	$ 1	$ 59
Less: allowance for impairment	-	39
	$ 1	$ 20

8. Land assemblies

	2008 (000's)	2007 (000's)
Land assemblies, beginning of year	$ 8,745	$ 7,684
Cost incurred during the year:		
Land acquisition and development	328	968
Interest, capitalized	288	234
	9,361	8,886
Less: cost of earned sales recognized during year	30	141
Land assemblies, end of year	$ 9,331	$ 8,745

In September 1998, the Province directed the Corporation to divest of the majority of its land holdings. Land assemblies are valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them.

9. Rental properties

	2008			2007
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Net Book Value (000's)
Non-profit housing				
- Capital cost	$ 255,291	$ 60,179	$ 195,112	$ 202,756
- Renovation costs	4,981	2,380	2,601	2,967
Market housing				
- Capital cost	6,560	2,710	3,850	3,928
Affordable Housing Trust				
- Construction costs	103	-	103	-
Leased land	126	-	126	133
	$ 267,061	$ 65,269	$ 201,792	$ 209,784

10. Capital assets

	2008			2007
	Cost (000's)	Accumulated Amortization (000's)	Net Book Value (000's)	Net Book Value (000's)
Land	$ 90	$ -	$ 90	$ -
Office buildings - capital cost	7,732	2,690	5,042	5,145
- construction	221	-	221	-
Furniture and office equipment	117	78	39	39
Computer hardware and software	3,011	1,033	1,978	1,642
Vehicles	2,186	1,530	656	365
	$ 13,357	$ 5,331	$ 8,026	$ 7,191

11. Deferred revenue

	2008 (000's)	2007 (000's)
Rentals	$ 851	$ 921
Affordable Housing Trust	6,470	-
Capital cost - office building	1,300	-
	$ 8,621	$ 921

Deferred revenue rentals consists of rental payments received by the Corporation in advance of the due dates.

Deferred revenue Affordable Housing Trust (AHT) relates to the unearned balance of the AHT Federal Government funding.

Deferred revenue capital cost - office building relates to funding received for the construction of an office/ maintenance building.

12. Group health and life insurance retirement benefits

All retired employees of the Corporation are eligible to participate in the group insurance plans. Under the plans, the Corporation pays 50% of the total premium charged towards the benefits of both active employees and retirees for life insurance and health benefits. As at 31 March 2008, the health plan provided benefits to 148 retirees and the life insurance plan to 167 retirees.

12. Group health and life insurance retirement benefits (cont.)

The actuarial extrapolation prepared by the Corporation's actuary was based on a number of assumptions about future events including an interest rate of 6%, health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality. The assumptions used reflect the Corporation's best estimates of expected long-term rates and short-term forecasts.

Group health and life insurance retirement benefits liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

	Estimated Accrued Benefit Obligation (000's)	Unamortized Experience Gains (Losses) (000's)	Net Liability 2008 (000's)	Net Liability 2007 (000's)	Change (000's)
Group health retirement benefits	$14,119	$ (3,554)	$10,565	$ 9,723	$ 842
Group life insurance retirement benefits	1,344	63	1,407	1,317	90
	$15,463	$ (3,491)	$11,972	$11,040	$ 932

There are no fund assets associated with these plans.

Group health and life insurance retirement benefits expense

In these financial statements group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

	Corporation's Share of Current Period Costs (000's)	Interest Expense on the Liability (000's)	Corporation's Current Period Contributions (000's)	Amortization of Experience Changes (000's)	Change (000's)
Group health retirement benefits	$ 253	$ 654	$ (186)	$ 121	$ 842
Group life insurance retirement benefits	19	80	(11)	2	90
	$ 272	$ 734	$ (197)	$ 123	$ 932

12. Group health and life insurance retirement benefits (cont.)

Experience gains or losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount will be included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

The unamortized experience loss at 31 March 2008 resulted from an increase in health premium rates charged by the insurance provider.

13. Capital replacement fund

In accordance with program guidelines for non-profit and urban native housing projects, sponsor groups are required to set aside funds for the replacement of major capital items. The funds are held on behalf of the project sponsors and are released as eligible capital replacement expenditures are incurred.

Transactions relating to the capital replacement fund during the year are as follows:

	2008 (000's)	2007 (000's)
Balance, beginning of year	$ 7,386	$ 7,713
Capital replacement expenditures	(191)	(327)
Balance, end of year	$ 7,195	$ 7,386

14. Mortgage insurance fund

Upon signing the Canada - Newfoundland Social Housing Agreement (see Note 21), the Corporation assumed liability for all losses and costs that may be incurred in respect of a portfolio of loans that are owned and were previously insured by Canada Mortgage and Housing Corporation (CMHC). In return, CMHC provided the Corporation with a $3,000,000 mortgage insurance fund as protection against future losses. Losses on loans are deducted from the fund, while interest earnings were added to the fund until 1 April 2003. The Corporation ceased accruing interest as of 1 April 2003.

	2008 (000's)	2007 (000's)
Balance, beginning of year	$ 3,252	$ 3,245
Gains (losses) for the year	-	7
Balance, end of year	$ 3,252	$ 3,252

The fund covers a portfolio of Federal loans totalling $158,933,062. The majority of these loans relate to either Social Housing projects that receive significant Federal/Provincial annual operating subsidies or nursing home accommodations with Provincial Government guarantees. While an independent actuarial valuation of the fund has not been carried out, the fund is considered adequate by the Corporation's management.

15. Mortgages, debentures and similar indebtedness

	2008 (000's)	2007 (000's)
With fixed terms of repayment		
(a) CMHC fixed rate term debentures, at an interest rate of 4.12% repayable in blended annual installments of $2,093,539, with final due dates ranging from March 2022 to January 2030	**$ 25,445**	$ 26,570
(b) Toronto Dominion Bank fixed rate bankers acceptances matured on 13 June 2007	**-**	2,993
	$ 25,445	$ 29,563

Principal repayments for the next five years on the $25,445,000 of debt with fixed terms of repayment are as follows:

	(000's)
2009	$ 1,074
2010	$ 1,119
2011	$ 1,165
2012	$ 1,218
2013	$ 1,268

16. CMHC investment in cost-shared programs

	2008 (000's)	2007 (000's)
Non-profit rental housing	**$ 88,159**	$ 89,203
Rural and native housing	**33,157**	39,126
Home repair assistance	**3,983**	5,587
	$ 125,299	$ 133,916

The principal and interest payments required to amortize CMHC's investment in non-profit rental housing and rural and native housing is funded entirely through the annual Federal grant paid by CMHC, pursuant to the Canada - Newfoundland Social Housing Agreement signed in April 1997 (see Note 21).

Repayment of CMHC's investment in the home repair assistance programs has no fixed term and is dependant upon future repayments of principal and interest on mortgages and loans.

17. Contributed capital - Province of Newfoundland and Labrador

Contributed capital represents accumulated capital advances of $62,861,000 made to the Corporation by the Province. These advances are utilized by the Corporation to develop housing projects, land assemblies and related programs for the benefit of the residents of the Province.

18. Contingent liabilities

(a) Claims have been filed against the Corporation for:

(i) General damages related to the enforcement of a Sales and Development Agreement for a shopping mall complex.

(ii) $100,000 relating to funds withheld from a contractor for deficiencies on houses constructed. This claim was filed by the contractor against both the Corporation (the mortgagee) and the homeowners of the houses.

(iii) Special damages related to an alleged breach of contract and/or negligence relating to the sale of an apartment and commercial complex property.

The above claims have not progressed far enough to enable the formation of a definite opinion as to their outcome. Therefore, the likelihood and the amount of loss to the Corporation is not determinable at this time.

(b) The Corporation has provided guarantees on outstanding mortgage balances totalling $293,759 for qualifying homeowners. Presently the probability of loss resulting from these guarantees is unlikely.

(c) In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has removed some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work have totalled $2,600,000. As well, based on the studies completed to date, further remediation is estimated to cost $10,000,000.

(d) In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998-99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean up the site. Information received from a study completed in January 2000 indicates that the estimated costs of undertaking site remediation based on the information to date is in the order of $6,000,000.

(e) In 1999, the Corporation learned of possible environmental liabilities relating to 17 underground fuel tanks in its Buckmaster's Circle rental property. As a result of an environmental study conducted in 2000, the cost of environmental remediation related to this property is estimated at $1,000,000. To date, expenditures related to this work have totalled $317,000. All 17 tanks have been removed and remediation has been completed on 7 of the 17 sites.

18. Contingent liabilities (cont.)

(f) During 2005, the Corporation learned of possible environmental liabilities relating to underground fuel tanks in its St. John's properties located on Cashin Avenue, Froude Avenue, Empire Avenue and Hoyles Avenue. The cost of environmental remediation is estimated at $1,400,000.

19. Commitments

The Corporation has commitments totalling $8,573,835 comprised of uncompleted purchase and construction contracts at year end of $3,200,855 and commitments under lending programs of $5,372,980.

20. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash, accounts receivable, due from/to CMHC, accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the short-term financial instruments.

The Corporation's long-term financial instruments recognized on the balance sheet consist of due from the Province of Newfoundland and Labrador - Labrador Housing Programs, mortgages and loans receivable, receivable from municipalities re: land transfers, group health and life insurance retirement benefits, and mortgages, debentures and similar indebtedness. Any estimated impairment of mortgages and loans receivable and receivable from municipalities re: land transfers is provided for through an allowance for impaired accounts and no further credit risk exists for these long-term receivables. Interest rates on the majority of mortgages and loans receivable and on mortgages, debentures and similar indebtedness are fixed to maturity. Therefore, the carrying values of these long-term financial instruments approximate their fair value and these instruments are not subject to any material interest rate risk.

21. Revenue from CMHC

CMHC's share of program subsidies and administration costs are as follows:

	2008 (000's)	2007 (000's)
1997 Canada-Newfoundland Social Housing Agreement	$ 51,794	$ 53,082
Provincial Home Repair Program	4,331	4,466
Affordable Housing Program	2,881	2,718
Residential Rehabilitation Assistance Program	73	(2)
Mortgages	10	10
	$ 59,089	$ 60,274

On 22 April 1997, the Corporation signed the Canada - Newfoundland Social Housing Agreement with CMHC replacing all existing social housing program agreements between the two parties relating to social housing programs, with the exception of certain loan and mortgage programs.

22. Administrative expenses

	2008 (000's)	2007 (000's)
Advertising and promotion	$ 100	$ 75
Computer system costs	1,746	1,155
General	567	459
Office equipment leases	42	50
Office equipment purchases	66	55
Office supplies	165	144
Rent, heat, light, cleaning and maintenance	1,145	1,004
Salaries and employee benefits	13,598	11,836
Telephone and postage	339	323
Travel and vehicle expenses	546	420
	$ 18,314	$ 15,521

23. Rental properties expenses

	2008 (000's)	2007 (000's)
Amortization	$ 6,832	$ 6,866
Bad debts	31	-
Heat, light and operating	9,470	8,816
Interest on debt	18,162	18,764
Municipal taxes	5,069	4,878
Repairs and maintenance	17,522	14,129
	$ 57,086	$ 53,453

24. Pensions

Under the *Housing Corporation Act*, Corporation staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Corporation and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions for 2008 was $1,066,540 (2007 - $956,685).

25. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental properties expenses.

26. Province of Newfoundland and Labrador contribution

The Province of Newfoundland and Labrador contributed approximately 25% (2007 – 15%) of the Corporation's total revenues. The contribution enables the Corporation to carry out its overall mandate and to meet its fiscal challenges.

The Corporation's ability to continue to fulfill its mandate is dependent upon the decisions of the Province of Newfoundland and Labrador.

27. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Housing

P.O. Box 220
2 Canada Drive
St. John's, NL
A1C 5J2

www.nlhc.nl.ca